



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

Date: 2/1/2006

GAIN Report Number: TU6006

Turkey

Tree Nuts

Semi Annual

2006

Approved by:

Jim Higgiston Agricultural Counselor
U.S. Embassy

Prepared by:

Unal Sarigedik, Agricultural Specialist

Report Highlights:

Turkey is expecting a normal hazelnut crop in MY 2006 given the good weather condition thus far. However, late frosts before May may affect the crop and production estimate. MY 2005 production results still vary although production estimates remain at 525,000 MT. Export prices declined from USD 950 per hundred kilograms of raw whole kernels early in the season to USD 830 per hundred kilograms last week due to reduced demand. Prices may decline further if production increases. In MY 2005, Turkey is projected to export similar quantities (about 400,000 MT, in shell) as it did in MY 2004 with exports increasing in MY 2006 due to higher production.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Semi-Annual Report
Ankara [TU1]
[TU]

Turkey is expecting a normal year for hazelnut production in MY 2006, after having difficult production problems in MY 2003 and MY 2004 due to severe frosts and less than normal production levels in MY 2005 due to frost damage in hazelnut orchards from the two previous years. Weather conditions have been mostly normal thus far crop development this year. The low temperatures and snow at the end of January are not expected to affect hazelnut development adversely since orchards have not bloomed yet. However, a reliable estimate for hazelnut production will not be available until the end of April because a late frost in April could still affect orchards. Industry sources indicate that orchards should be fully recovered from the 2003 and 2004 frosts. MY 2006 production is currently projected at 600,000 MT.

Final production results for MY 2005 are still not available. Annual demand traditionally declines around the New Year because importers normally purchase large quantities prior to Christmas. At the same time, overall hazelnut consumption declined this past year because of higher costs due to short supplies. Almonds replaced hazelnuts in many cases because the price of almonds was significantly lower than hazelnuts. This decline in demand has caused hazelnut sales and prices to begin to decline in international markets. Farmers are delivering smaller quantities to the market hoping that prices will increase again. This is making accurate production estimates more difficult. MY 2005 hazelnut production estimates still vary a quite a lot. Industry estimates range between 450,000 MT and 600,000 MT.

FISKOBIRLIK, the Turkish hazelnut cooperative, announced gross procurement prices at YTL 7.45 per kilogram of Giresun type, YTL 7.05 per kilogram of Levant type, and YTL 6.90 per kilogram of Akcakoca (pointed) type hazelnuts at the beginning of MY 2005 and these prices have not changed (all in shell). In MY 2005, FISKOBIRLIK procured about 50,000 MT before stopping any further procurement. This quantity is much higher than the quantities procured during the last two years. FISKOBIRLIK procured only about 17,000 MT in MY 2004 and 8,000 MT in MY 2003 due to smaller supplies and also lower procurement prices in MY 2003. FISKOBIRLIK's MY 2004 gross procurement prices were YTL 5.25 per kilogram for Giresun type, YTL 5.05 per kilogram for Levant type and YTL 4.75 per kilogram for Akcakoca type hazelnuts. FISKOBIRLIK announced only one price, which was YTL 2.50 (TL 2,500,000) per kilogram, for all types of in shell hazelnuts (Giresun, Levant, and Akcakoca) in MY 2003.

Kernel yields of MY 2005 crop are slightly better than normal (around 51-52 percent). However, nut quality is a little smaller than normal in the eastern production areas but larger in the western production areas. It is estimated that nut quality in the eastern production areas is about 25 percent of standard #1 (13-15 mm), 65 percent of standard #2 (11-13 mm), and 10 percent of standard #3 (9-11 mm) or shrunken kernels while in western production areas, the quality is about 55 percent of standard #1, 40 percent of standard #2, and 5 percent of standard #3. In MY 2004, the quality was estimated at about 20 percent of the crop as standard #1 (13-15 mm), 70 percent as standard #2 (11-13 mm), and the remaining crop (about 10 Percent) as standard #3 (9-11 mm) or shrunken kernels.

FISKOBIRLIK reportedly had about 10,000 MT of hazelnuts in its stocks at the end of MY 2004. Of this total, about 8,000 MT were estimated to be MY 2004 crop. FISKOBIRLIK sold only a small quantity of older years' crop hazelnuts from its stocks since the beginning of the marketing year. FISKOBIRLIK has not sold hazelnuts from MY 2004 crop. Industry sources indicate that FISKOBIRLIK will have a problem due to higher procurement prices whether they decide to sell last year's crop at a loss or keep it in stocks. FISKOBIRLIK bought a total of about 50,000 MT of hazelnuts from member producers but paid only a small proportion (about YTL 120 million) of the total payments, which was about YTL 350 million. To pay the remaining debt, FISKOBIRLIK asked for new loans from the GOT, but were refused.

The Minister of Industry and Trade recently announced that the GOT eliminated all of FISKOBIRLIK's debts. Total debts added up to about YTL 2.1 billion, including debts to

Treasury from crushing hazelnuts from FISKOBIRLIK stocks for oil in the past (about YTL 1.5 billion), to several GOT funds (a total of about YTL 428 million), and to one private bank (about YTL 152 million). FISKOBIRLIK is now looking for new loans from the private banks to pay its debts to member producers for MY 2005 procurement. If the prospects of the MY 2006 crop turns out to be normal or better (600,000 MT or higher), market prices, which declined in recent weeks, are expected to decline further and, as a result, FISKOBIRLIK will have even a bigger financial problem.

During MY 2004 (September 2004 – August 2005), Turkey exported 389,187 MT (in shell) of hazelnuts and received little over than USD 1.5 million in revenues. During CY 2005, Turkey exported 418,725 MT (in shell) of hazelnuts and received slightly more than USD 1.9 million in revenues.

PSD Table for Hazelnuts

Turkey Filberts, Inshell Basis							
	2004	Revised	2005	Estimate	2006	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		09/2004		09/2005		09/2006	MM/YYYY
Area Planted	0	0	0	0	0	0	HA
Area Harvested	0	0	0	0	0	0	HA
Bearing Trees	286000	290000	287000	300000	0	310000	1000 TREES
Non-Bearing Trees	12000	14000	13000	20000	0	18000	1000 TREES
Total Trees	298000	304000	300000	320000	0	328000	1000 TREES
Beginning Stocks	60000	72000	35000	15000	105000	80000	MT
Production	425000	380000	600000	525000	0	600000	MT
Imports	0	0	0	0	0	0	MT
TOTAL SUPPLY	485000	452000	635000	540000	105000	680000	MT
Exports	400000	389187	450000	400000	0	450000	MT
Domestic Consumption	50000	47813	80000	60000	0	80000	MT
Ending Stocks	35000	15000	105000	80000	0	150000	MT
TOTAL DISTRIBUTION	485000	452000	635000	540000	0	680000	MT

Turkey sold 237,648 MT of hazelnuts (in shell) during the first four months of MY 2005 (September 1 – December 31, 2005) for a total of nearly USD 1.1 billion. Turkey exported 208,793 MT, 219,298 MT and 298,542 MT and received about USD 703 million, USD 395 million and USD 335 million during the same period in MY 2004, MY 2003 and MY 2002, respectively. Whole natural hazelnuts were being sold at about USD 830 per one hundred kilograms and processed whole hazelnuts were being sold at about USD 925 per one hundred kilograms in late January. These prices were about USD 950 and USD 1,050 per one hundred kilograms early in the season. Turkey sold larger quantities at higher prices in the beginning of the marketing year due to the shortage of the production in Italy, according to industry sources. Traders are projecting Turkey's total sales to again reach nearly 400,000 MT (in shell) in MY 2005.

The current retail price for shelled roasted Giresun type hazelnuts in Ankara is about YTL 28 per kilogram, compared to YTL 25 per kilogram last August and YTL 20 per kilogram a year ago. (Since the beginning of 2005 Turkey started to use the New Turkish Lira by eliminating six zeros of TL. YTL 1.00=TL 1,000,000.) Currently USD 1.00 = YTL 1.33, compared to YTL 1,35 both in last August and last January.

The Export Trade Matrix represents unofficial export data received from the Black Sea Exporters Union for MY 2004 and CY 2005.

In 2006, the import duty remains at 43.2 percent for shelled or in shell hazelnuts and at 58.5 percent for processed hazelnut products for all origins.

Export Trade Matrix for Hazelnuts

Turkey Filberts, Inshell Basis			
Time Period	Sep. - Aug.	Units:	Metric Tons
Exports for:	2004		CY 2005
U.S.	6052	U.S.	6165
Others		Others	
Germany	96916	Italy	122177
Italy	85264	Germany	97034
France	37125	France	35364
Belgium	24781	Belgium	23634
Netherlands	18180	Switzerland	19677
Switzerland	17216	Netherlands	15434
United Kingdom	11540	Austria	10752
Austria	10679	United Kingdom	10175
Russia	10922	Spain	9930
Poland	8925	Poland	8867
Total for Others	321548		353044
Others not Listed	61587		59516
Grand Total	389187		418725